2020 Philanthropy Trends to Watch

By Eileen R. Heisman, President & CEO

WHAT TRENDS AND THEMES will shape philanthropy in 2020? Last year, I noted that while charitable giving has gone up yearly since the Great Recession, the share of American households that donates is decreasing. There's no single explanation for why this is happening, but the country's uneven economic recovery is clearly playing a large role. For instance, only a small fraction of households has taken part in stock market gains—and the net worth of most citizens remains below where it was before 2007, according to Federal Reserve analysis.

More recently, 2017 tax legislation may be contributing to the decline in donors. The number of taxpayers who claimed the charitable deduction plummeted 64% from 33.6 million to 12.2 million in 2018, the year the tax law took effect, according to the Internal Revenue Service. While it's too early to evaluate the long-term effects of the tax law, it has spurred much debate. In the coming year, there may be more discussion of legislative proposals—such as the Universal Charitable Giving Act and the Everyday Philanthropist Act—that would allow more Americans to receive a tax benefit for charitable contributions.

In the meantime, it's important to take a broader view of philanthropy—one that includes not only gifts of tax-deductible donations but of time and personal influence. In that light, Americans are not holding back. Here are seven predictions for 2020:

- **People will continue to give in countless *uncounted* ways.** While fewer people may be donating directly to charities, they are still looking for ways to make the world a better place for others. More than one in five Americans has given to a crowdfunding site, according to Pew Research Center. GoFundMe reports that someone launches a new fundraiser every eight seconds—often to benefit an individual or family in need without a charitable intermediary.

  People are participating in other socially beneficial behaviors that aren't part of a giving tally. For instance, in daily activities like dining out, we will gross up our bills in support of a cause. As shoppers—whether in the grocery store or online—we are increasingly guided by personal beliefs. Two-thirds of consumers around the world say that they will buy or boycott a brand because of its position on an issue. An increasing number of brands—Bombas, DIFF Eyewear, Patagonia and others—now advertise specific philanthropic initiatives to which they donate a portion of sales. In the coming year, belief-driven buying will continue to gain traction.

- **Employees will increasingly use their influence to bring about change.** CEOs are facing mounting pressure from employees to address social and environmental issues. Last spring, for instance, more than 8,000 Amazon employees signed a letter to CEO Jeff Bezos and his board of directors, asking for action to fight climate change. At the same time, more companies are recognizing that incorporating strong environmental, social and governance practices into their culture can help them attract and retain employees. This trend will undoubtedly strengthen in the year ahead—with companies looking to the United Nation's Sustainable Development Goals as a guide in setting and achieving corporate sustainability goals.

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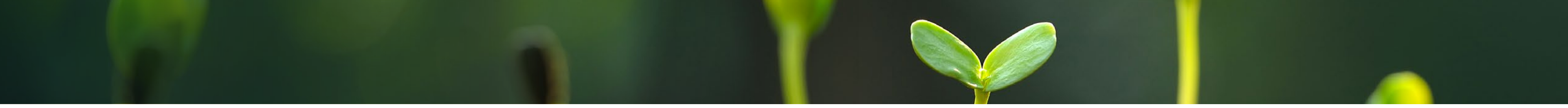

2020 Philanthropy Trends to Watch (continued)

- **Investing for social good—a trend I identified last year—will deepen its roots.** Impact investing has already exploded from a $35.5 billion market in 2015 to a $502 billion market in 2019, according to the Global Impact Investing Network. This trend holds tremendous potential, since corporate capital could have a far greater impact on the world's most complex problems than philanthropic capital alone.

- **Philanthropy, as with society in general, may become more polarized.** In the immediate term, the 2020 presidential election will likely spur more "rage giving" to certain cause sectors that are at the center of political conversations. Longer term, political polarization may lead to a shift in the approach large funders take. For instance, more funders may adopt a nontraditional, "charitable" LLC structure that allows them to engage in policy debate more fully.

- **There will be greater support for charitable overhead.** Investments in staff and infrastructure are essential costs for maintaining and growing any enterprise, including charities. Late last year, five of the country's largest foundations announced plans to help more grantees pay for wages, rent, technology and other overhead expenses. This signifies a shift that other donors are likely to—and must—follow.

- **Giving circles will grow as donors seek to amplify the impact of their giving.** Although they have been around for decades, giving circles have grown dramatically in recent years. They are popular among all ages, genders and races, and it's easy to understand their appeal. Giving circles promote high-touch community engagement and grassroots philanthropy. They also allow individual donors to contribute modest amounts to have a large collective impact.

- **The role of technology in helping mobilize support and move capital quickly will continue to expand.** We can vet nonprofits faster than ever before, and—with a mobile phone and an app—give almost instantly to support a cause. What's more, we can rally our network of friends and family to join us, trading on our influence for social good. In the coming year, we will continue to see nonprofits and donors use electronic tools and apps to engage in innovative ways.

I remain optimistic that this spirit of innovation—combined with the way we blend philanthropic values into more areas of our lives—will help us address the many challenges we face in our world.

Eileen R. Heisman, ACFRE, is the President and CEO of NPT. She is a nationally recognized expert on charitable and planned giving. Ms. Heisman has been named six times by NonProfit Times as one of their Power and Influence Top 50, most recently in 2019.